



# Information Alert

*State-Federal Relations Division*

## **House Committee Approves Surface Transportation Reauthorization and Water Infrastructure Package**

June 11, 2021

On June 10, the [House Transportation and Infrastructure \(T&I\) Committee](#) approved two fairly significant infrastructure bills: the Investing in a New Vision for the Environment and Surface Transportation (INVEST) in America Act and the Water Quality Protection and Job Creation Act of 2021. Both are very likely to be part of a comprehensive infrastructure package the full House of Representatives is expected to take up later this month. However, it remains unclear if Congress and the president will reach an agreement on an infrastructure package and what any final agreement might include. Below is a general overview of some of the major areas affecting states.

If you have any questions or concerns, please contact NCSL's [Ben Husch](#) for transportation items and [Kristen Hildreth](#) for water infrastructure issues. Stay tuned to NCSL for further updates as Congress and the president continue negotiations.

### **INVEST in America Act**

Overall, the [INVEST Act](#) is a five-year surface transportation bill that provides a total of \$548 billion in funding—\$430 billion from the Highway Trust Fund—from fiscal year 2022 to fiscal year 2026. Compared to the FAST Act, this bill provides funding increases in the first year of 29% for highways, 59% for transit and 514% for passenger rail programs from current levels.

Specifically, the bill would provide \$304 billion to the Federal-Aid Highway Program, \$109 billion in transit funds and nearly \$95 billion in passenger rail funding. Unfortunately, the existing core formula programs in the Federal-Aid Highway Program, which send a large bulk of their funds to state DOTs, see very limited funding growth. In fact, even though the total funding does increase, only 82.5% of the highway dollars from the Highway Trust Fund are provided to states via formula compared to 92% currently in the FAST Act.

The bill largely reflects the committee's bill from 2020, which did not become law, requiring a one-year extension of federal surface transportation programs. Further, unlike the Senate bill approved by the Environment and Public Works Committee last month (read the [NCSL Info](#)

[Alert](#)), which was a roadways only bill, the INVEST Act encompasses all forms of surface transportation—highways, highway safety, transit and rail.

Other important items for states include the allowability of certain federal funds to offset costs of building infrastructure resiliency. Additionally, states can now use highway safety funds for public awareness, education, and other efforts instead of only on hard infrastructure projects. Further, the bill would both increase federal funding for state surface transportation system funding pilot programs that explore how to fund surface transportation outside of a motor fuels tax and establish a new national level pilot program.

The bill also includes a number of concerning provisions, including an increase in suballocation requirements to local governments in a number of core programs, as well as other new requirements for what types of projects states have to spend federal highway trust fund dollars on. The bill also creates a large number of new discretionary grant programs, which means fewer dollars for the core formula programs that send federal funds to states. There also do not appear to be provisions addressing project permitting and reducing the amount of time it takes to complete a project. Further, the bill establishes a “dig once” policy for broadband infrastructure deployment that does not consider existing state practices and processes.

Finally, the bill includes a section that would create a “highway formula modernization report” to explore potential changes to the existing formulas for Federal-Aid Highway Programs. The report would be required to be done in consultation with state DOTs.

More Information: [Section-by-section summary](#)

### **The Water Quality Protection and Job Creation Act of 2021**

The T&I Committee also advanced HR 1915, [the Water Quality Protection and Job Creation Act of 2021](#), which authorizes \$50 billion in direct infrastructure investment in the nation’s wastewater infrastructure and water quality challenges, including \$40 billion for the Clean Water State Revolving Fund (CWSRF) over the next five years.

Not only does the bill authorize historic levels of funding via the CWSRF program, a federal-state partnership that provides communities low-cost financing for a wide range of water quality infrastructure projects, and the primary source of federal funding for clean water infrastructure, but it also makes several changes to the Clean Water Act. In particular, the bill permanently codifies a set-aside of Clean Water SRF funds for tribes and U.S. territories.

The bill requires states to distribute a minimum of 20% (to a maximum of 50%) of their CWSRF funds to municipalities as grants to increase the affordability of wastewater infrastructure to local communities via water pollution control revolving loan funds. The bill also permanently codifies the clean water “green reserve” that requires states to prioritize investments in green infrastructure, water and energy efficiency, and other efforts to increase the resiliency of utilities to climate change, and requires EPA to conduct an annual audit of funds used by states for green infrastructure, water or energy efficiency improvements or other environmentally innovative projects.

Relatedly, the bill not only expands new grant eligibility for public wastewater utilities to assess and address future risks posed by disasters, including extreme weather events, drought, and sea-level rise, but also authorizes \$1 billion to municipalities to carry out resiliency and security projects including watershed and wet weather projects.

Additionally, the bill places focus on rural and otherwise disadvantaged communities in a variety of ways, including approving the authorization of \$250 million in grants to aid rural, small, and tribal communities. For sewer overflow and stormwater reuse projects, a greater federal cost share will be provided for projects that serve financially distressed communities. Of note for states, the section authorizes \$1 billion in grants for municipalities to implement treatment standards for emerging contaminants, including PFAS.

Workforce training education programs are also expanded both through the allowance of states to use a portion of their SRF funding to promote workforce development and utility worker and training education programs and through requiring EPA and Department of Labor to issue a report on current and future workforce needs of public wastewater treatment utilities and actions, including federal investments, that can be taken to promote workforce development.

More Information: [Section by section summary](#)